



BANK OF TEXAS

September 22, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

RE: No. 1810-00 Accounting for Financial Instruments and Revisions to the
Accounting for Derivative Instruments and Hedging Activities

Dear Members of the Financial Accounting Standards Board:

I am writing today to express Bank of Texas opposition to FASB's proposed changes to the way we mark our financial instruments; namely, the expansion of fair value accounting to all financial instruments. We are opposed to a fair value accounting model for the core banking activities used in our industry.

Bank of Texas is a small, 70 million dollar asset, community bank with three locations, two in Austin, Texas, and one in Thorndale, Texas. In Austin our niche is responding to the banking requirements of small to medium size businesses, executive and professional individuals as well as high net worth individuals. In Thorndale we function as a full service community bank with emphasis on consumer and agricultural loans.

The changes proposed in No. 1810-100 expand current mark-to-market accounting by requiring us to record all financial assets and liabilities at fair value on their balance sheets. However, these changes fail to take into consideration the fact that community banks, like Bank of Texas, hold financial instruments like loans for long-term investment purposes – not for trading purposes. We keep the loans on our balance sheet and hold them for the life of the loans. Forcing us to begin accounting for long-term investments at fair value will result in a significant change to our capital because these assets most often have no active markets. Bank of Texas will have to incur significant costs in order to provide these fair value estimates at what appears to be of no benefit to our customers, our shareholders or the bank.

We request that FASB withdraw this proposal. Thank you for your consideration.

Sincerely,

J. Gordon Muir, Jr.
Chairman of the Board
and President